

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-07 ISO-00 SS-15 NSC-05 FTC-01 L-03

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FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 9627

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: ETRD, EEC, JA

SUBJECT: JAPANESE RESTRAINTS ON STEEL EXPORTS TO THE EC

REFS: A) STATE 227063; B) TOKYO 9283; C) EC BRUSSELS 6025;  
D) TOKYO 8669

1. ON SEPTEMBER 25 KRENZLER, THE EC COMMISSION'S AR EAST  
DIVISION CHIEF, GAVE AN ACCOUNT OF THE "NON-ARRANGEMENT"  
WITH JAPAN REGARDING LIMITATIONS ON JAPANESE EXPORTS OF  
STEEL TO THE EC WHICH WAS IN HARMONY WITH THE REPORTS IN  
REFS B-D. KRENZLER SAID THAT IN THEIR DISCUSSIONS WITH  
JAPANESE GOVERNMENT IN JUNE, FOLLOWING THE REGULAR  
EC-JAPAN CONSULTATIONS, EC COMMISSION OFFICIALS HAD  
DESCRIBED THE BAD STATE OF THE EC STEEL INDUSTRY,  
SUGGESTED THAT UNDER THE CIRCUMSTANCES JAPAN SHOULD  
HELP BY RESTRICTING STEEL EXPORTS TO THE EC, AND LET  
THE JAPANESE KNOW THAT SHOULD THE SITUATION IN THE  
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EC STEEL INDUSTRY NOT IMPROVE, THE COMMISSION MIGHT

BE FORCED TO DECLARE A "MANIFEST CRISIS" IN THE MEANING OF ARTICLE 58 OF THE EUROPEAN COAL AND STEEL TREATY AND IMPOSE QUANTITATIVE IMPORT RESTRICTIONS. KRENZLER SAID THAT THE MITI OFFICIALS TALKED WITH JAPANESE INDUSTRY LEADERS AND THEN INFORMED THE COMMISSION THAT THE JAPANESE INDUSTRY WOULD RESTRIAN ITS EXPORTS TO THE EC.

2. KRENZLER NOTED THAT WHAT THE COMMISSION HAD ACHIEVED--IF ANYTHING--WAS MUCH MORE AMORPHOUS THAN THE FORMER STEEL VOLUNTARY RESTRAINT PROGRAM. THERE WERE NO BILATERAL COMMITMENTS INVOLVED AND NO FIRM UNILATERAL UNDERTAKINGS BY THE JAPANESE BY WHICH TO JUDGE THEIR PERFORMANCE. IN FACT, HE SAID, HE COULD NOT DETECT FROM THE TRADE FIGURES ANY SUBSTANTIAL EFFECT ON JAPANESE STEEL EXPORTS TO THE EC, ALTHOUGH HE ACKNOWLEDGED IT WAS POSSIBLE THAT NOT ENOUGH TIME HAD YET ELAPSED TO PERMIT AN EFFECT TO REGISTER.

3. KRENZLER HAS TWICE TOLD US THAT WHEN HE WAS IN JAPAN IN JUNE HE WAS INFORMED BY JAPANESE OFFICIALS THAT IMMEDIATELY BEFORE THE COMMISSION MADE ITS APPROACH TO THE JAPANESE, THE USG HAD MADE A SIMILAR REQUEST OF THE JAPANESE, BUT HAD BEEN TURNED DOWN. GREENWALD

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## Message Attributes

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